Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

# Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 230365

71
ORIGIN AGR-08

INFO OCT-01 EUR-12 ISO-00 EB-07 AGRE-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 /088 R

DRAFTED BY USDA:FAS-DNOVOTNY:ML
APPROVED BY JOHN A. FERCH, EB/ORF/OFP
EB/ORF/OFP/FPD-FVAZNAUGH
EUR/CAN-DBLAKEMORE
---------- 045760
R 171222Z SEP 76
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA

LIMITED OFFICIAL USE STATE 230365

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: CANADA'S WHEAT EXPORT PRICING

1. EMBASSY IS REQUESTED TO CONVEY TO APPROPRIATE GOC OFFICIALS FOLLOWING VIEWS ON MARKET IMPACT OF CURRENT CANADIAN EXPORT PRICING:

2. IT IS NOTED THAT IN RECENT WEEKS THERE HAS BEEN A SIGNIFICANT DECLINE IN THE LEVEL OF PRICE AT WHICH CANADIAN WHEAT IS BEING MADE AVAILABLE FOR EXPORT. THIS TENDENCY HAS BEEN NOTED BOTH IN CANADA'S ANNOUNCED PRICES AND IN THE EVIDENCE OF PRICE INFORMATION WHICH HAS SURFACED ON THE OCCASION OF RECENT IMPORT TENDERS IN CERTAIN COUNTRIES. FURTHER EVIDENCE EXISTS IN REPORTS OF RECENT VERY LARGE EXPORT SALES OF WHEAT BY THE CANADIAN SELLING AUTHORITY AT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 230365

PRICES SUBSTANTIALLY BELOW ITS PREVAILING ANNOUNCED PRICES.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

3. IT IS OUR VIEW THAT THE DECLINING PRICE TENDENCY FOR CANADIAN WHEAT, PARTICULARLY THAT OF THE PAST 4 TO 6 WEEKS, APPEARS TO BE CONTRIBUTING TO A LOWERING OF THE GENERAL LEVEL OF WORLD WHEAT PRICES, INCLUDING PRICES OF US WHEAT, TO AN EXTENT THAT MAY NOT BE WARRANTED BY THE CURRENT AND PROSPECTIVE WORLD SUPPLY/DEMAND SITUATION FOR EITHER WHEAT

OR GRAINS IN GENERAL. WE WELL APPRECIATE THE FACT THAT CANADIAN PRODUCERS ARE CURRENTLY HARVESTING AN ESPECIALLY LARGE WHEAT CROP, AND THAT, SINCE THIS COINCIDES WITH GENERALLY GOOD WHEAT CROPS IN MANY OTHER COUNTRIES, INCLUDING A RECORD HARVEST IN THE US, THERE MAY BE AN INCLINATION ON THE PART OF THE CANADIAN SELLING AUTHORITY TO MOVE EXPORT PRICES DOWNWARD, SO AS TO INCREASE SALES. THIS IS OF COURSE THEIR CHOICE. WE SIMPLY WISH TO REGISTER, HOWEVER, THE HOPE THAT SUCH DOWNWARD ADJUSTMENT OF PRICES NOT BE MADE PREMATURELY OR IN A MANNER THAT WOULD CONTRIBUTE TO AN UNWARRANTED GENERAL DECLINE IN THE LEVEL OF ALL GRAIN PRICES. IN LIGHT OF THE EXPERIENCE OF THE LAST SEVERAL YEARS, THERE SEEMS A SUBSTANTIAL LIKELIHOOD THAT THE PLENTIFUL WORLD WHEAT CROP OF THE CURRENT SEASON MAY BE FOLLOWED BY A 1977 CROP THAT IS LESS ABUNDANT, AND IT IS WITH THIS IN MIND THAT WE TEND TO VIEW AN APPARENT DELIBERATE MOVEMENT OF PRICES DOWNWARD BY THE CANADIAN SELLING AUTHORITY AS BEING COUNTER TO THE LONGER-TERM INTEREST OF BOTH THE WORLD'S PRODUCERS AND CONSUMERS OF WHEAT.

4. IN OUR VIEW, CANADA'S INITIAL 1976 PAYMENT LEVEL OF $3 PER BUSHEL TO WHEAT PRODUCERS, WHICH WAS INCREASED BY 75 CENTS PER BUSHEL LAST SPRING, AND IS NOW ABOVE THE LEVEL OF PRICE ASSURANCE AVAILABLE TO US WHEAT PRODUCERS, WAS A FACTOR CONTRIBUTING TO THE RECORD WHEAT CROP NOW BEING HARVESTED IN CANADA. TO THE EXTENT THAT THIS IS TRUE, IT PLACES SPECIAL RESPONSIBILITY, IN OUR VIEW, UPON THE CANADIAN SELLING AUTHORITY TO EXERCISE PARTICULAR CAUTION TO AVOID ACTIONS THAT WOULD LEAD TO UNNECESSARY WEAKENING OF THE GENERAL LEVEL OF WORLD WHEAT PRICES. ROBINSON

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

# Message Attributes

**Automatic Decaptioning:** X
**Capture Date:** 01 JAN 1994
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** WHEAT, FOREIGN MARKETS, EXPORT PRICES, PRICE TRENDS
**Control Number:** n/a
**Copy:** SINGLE
**Draft Date:** 17 SEP 1976
**Decaption Date:** 01 JAN 1960
**Decaption Note:**
**Disposition Action:** RELEASED
**Disposition Approved on Date:**
**Disposition Authority:** ellisoob
**Disposition Case Number:** n/a
**Disposition Comment:** 25 YEAR REVIEW
**Disposition Date:** 28 MAY 2004
**Disposition Event:**
**Disposition History:** n/a
**Disposition Reason:**
**Disposition Remarks:**
**Document Number:** 1976STATE230365
**Document Source:** CORE
**Document Unique ID:** 00
**Drafter:** DNOVOTNY:ML
**Enclosure:** n/a
**Executive Order:** N/A
**Errors:** N/A
**Film Number:** D760352-0683
**From:** STATE
**Handling Restrictions:** n/a
**Image Path:**
**ISecure:** 1
**Legacy Key:** link1976/newtext/t19760947/aaaabokn.tel
**Line Count:** 99
**Locator:** TEXT ON-LINE, ON MICROFILM
**Office:** ORIGIN AGR
**Original Classification:** LIMITED OFFICIAL USE
**Original Handling Restrictions:** n/a
**Original Previous Classification:** n/a
**Original Previous Handling Restrictions:** n/a
**Page Count:** 2
**Previous Channel Indicators:** n/a
**Previous Classification:** LIMITED OFFICIAL USE
**Previous Handling Restrictions:** n/a
**Reference:** n/a
**Review Action:** RELEASED, APPROVED
**Review Authority:** ellisoob
**Review Comment:** n/a
**Review Content Flags:**
**Review Date:** 14 APR 2004
**Review Event:**
**Review Exemptions:** n/a
**Review History:** RELEASED <14 APR 2004 by greeneet>; APPROVED <12 AUG 2004 by ellisoob>
**Review Markings:**

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

**Review Media Identifier:**
**Review Referrals:** n/a
**Review Release Date:** n/a
**Review Release Event:** n/a
**Review Transfer Date:**
**Review Withdrawn Fields:** n/a
**Secure:** OPEN
**Status:** NATIVE
**Subject:** CANADA'S WHEAT EXPORT PRICING
**TAGS:** ETRD, EAGR, CA
**To:** OTTAWA
**Type:** TE
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006